

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 841 - SB 831

March 18, 2017

SUMMARY OF BILL: Creates the *K-12 Block Grant Act*. Requires the Department of Education (DOE) to administer a block grant program for K-12 schools based on the average daily membership (ADM) of each local education agency (LEA). Appropriates \$250,000,000 from excess state tax revenue over-collected in fiscal years 2015-2016 and 2016-2017 for the block grant program. Prohibits the use of block grant funds for salaries or other recurring expenditures. Requires each LEA to submit a written report on the use of the block grant funds to the DOE, the State Board of Education, the Finance, Ways and Means Committees of the Senate and the House of Representatives, the Education Committee of the Senate, the Education Administration and Planning Committee of the House of Representatives, and the Director of the Office of Legislative Budget Analysis.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$250,000,000/FY17-18/K-12 Block Grant Fund

Increase State Expenditures –

\$250,147,700/FY17-18/General Fund

\$142,200/Each Year FY18-19 through FY26-27/General Fund

\$25,000,000/Each FY17-18 through FY26-27/K-12 Block Grant Fund

Increase Local Revenue –

**\$25,000,000/Each Year FY17-18 through FY26-27/Local Education
Agencies**

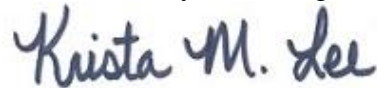
Assumptions:

- It is assumed the one-time appropriation of \$250,000,000 from the General Fund will be made to the DOE for the purpose of providing block grants to LEAs in FY17-18. Therefore, a one-time state expenditure from the General Fund of \$250,000,000 in FY17-18.
- It is assumed DOE will create a special fund, hereafter referred to as the K-12 Block Grant Fund, for the purpose of receiving the appropriation and holding such funds until such time the block grant funds are awarded to LEAs. Therefore, a one-time increase in state revenue of \$250,000,000 to the K-12 Block Grant Fund in FY17-18.

- It is assumed that grants will be awarded evenly over a ten-year period beginning in FY17-18 and ending in FY26-27. Therefore, an increase in state expenditures from the K-12 Block Grant Fund of \$25,000,000 each year FY17-18 through FY26-27.
- Beginning in FY17-18, the DOE will require two additional administrative positions to administer the provisions of the *K-12 Block Grant Act*.
- The \$250,000,000 appropriation is required to be used exclusively for grant funding and is prohibited from being used to fund additional administrative positions.
- There will be a one-time state expenditure from the General Fund associated with the two new staff members estimated to be \$5,500 occurring in FY17-18 for computers, software, telecommunications, and other miscellaneous items.
- One of the administrative positions will receive a salary of \$73,140 and benefits of \$19,061; the other administrative position will receive a salary of \$36,948 and benefits of \$13,056; therefore, an increase in state expenditures for personnel from the General Fund estimated to be \$142,205 ($\$73,140 + \$19,061 + \$36,948 + \$13,056$) each year FY17-18 through FY26-27.
- The total increase in state expenditures from the General Fund in FY17-18 is estimated to be \$250,147,705 ($\$250,000,000 + \$5,500 + \$142,205$).
- The increase in state expenditures from the General Fund will be \$142,205 each year FY18-19 through FY26-27.
- The increase in local revenue to LEAs from block grants will be \$25,000,000 each year FY17-18 through FY26-27.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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